



PROJECT PROFILE ON JUTE BAGS STITCHING UNIT

Category : Service

Total Cost of Project : Rs. 2,17,000/-

BEP : 42 %

I. INTRODUCTION OF BUSINESS IDEA :

Jute or gunny bags are required when the entrepreneur wants to market grains i.e. Wheat, rice, pulses, and other materials like cattle feed, potatoes and onions, flour etc. with his own brand name since on jute bags the brand name can easily and conveniently be printed. Being a reasonable and convenient medium for packing, the demand for jute bag is continuously increasing demand for jute bag is continuously increasing despite pressure of its substitutes like plastic bag set.

II. PRODUCT AND ITS APPLICATIONS :

This unit has good success prospects at the district or town level. Bags are required for packing agricultural produces and small size bags for routine house hold use for vegetables and grocery etc.

III. MARKET POTENTIAL :

Market for jute bag is available from mills, agriculture products, cattle feed etc. For domestic use also different type of bags in various colors and shapes, are made which have good demand, as they are cheap and long lasting.

IV. CAPACITY-REVENUE (1ST YEAR):

In the given project, good quality gunny or jute bags would be made for Dal mills. About 90000 bags would be made in a first year, in addition, old bags would also be repaired. Repairing work could also be taken.

Sl. No.	Product	Qty.	Rate Per 100	Sales Amount
1.	Bags	90,000	1,200	10,80,000
2	Repair of bags	50,000	400	1,00,000
	Total			11,80,000

V. MANUFACTURING PROCESS AND QUALITY :

Persons with good stitching skill can be used. The jute cloth is cut to different sizes as per requirement and stitching is done on all the three sides. After finishing, the bags are rolled in sets of 100 numbers.



VI. COST OF PROJECT AND MEANS OF FINANCE, INCLUDING WORKING CAPITAL REQUIREMENTS :

A. COST OF PROJECT :

Sl. No	Particulars	Amount (Rs).
1	Equipment	1,08,000
2	Preliminary and preoperative expenses	10,000
3	Deposits	10,000
4	Working Capital Requirements	89,000
	Total	2,17,000

B. MEANS OF FINANCE:

Sl. No	Particulars	Amount (Rs).
1	Loan @ 75% (Excluding Deposits)	1,63,000
2	Equity	54,000
	Total	2,17,000

C. WORKING CAPITAL REQUIREMENT :

Sl.No.	Particulars	Basis	Period	Amount (Rs.)
1	Raw-material	7,08,000/12 x 1/2	½ m	30,000
2	Bills receivables	11,80,000/12 x ½	½ m	49,000
3	Working exp	Lump sum	-	10,000
	Total			89,000

VII. MAIN INPUTS REQUIREMENT :

A. MACHINERY / EQUIPMENT :

Sl. No.	Particulars	No.	Total Cost (Rs.)
1	Heerakal jute, bags stitching machine, 1 H. P. motor	1	50,000
2	Jute bags over edging machine with 1 HP	1	35,000
3	Hand-operated Hessian cloth cutting machine	1	8,000
4	Installation charges	1	10,000
5	Stencil of tin for printing	5	5,000
	Total		1,08,000



B. RAW MATERIAL(P.A.) :

Sl. No.	Particulars	Qty	Rate	Total Cost (Rs.)
1	Hessian cloth 45 inch 100 ounce	3,00,000 mtr	200 per 100mtr	6,00,000
2	String for stitching per kg	1,200 kg	50 per kg	60,000
3	Consumables	Lump sum	4000/month	48,000
	Total			7,08,000

C. UTILITIES :

Sl. No.	Particulars	Annual Requirement	Unit Cost	Annual Charges. (Rs.)
1	Electricity	1,200 units	8	9,600
2	Water	Lump sum	-	1,400
	Total			11,000

D. MAN-POWER REQUIREMENT :

Sl. No.	Workers	No.	Monthly Salary (Rs.)	Annual Salary (Rs.)
1	Skilled worker	1	7,000	84,000
2	Unskilled worker	1	5,000	60,000
	Total			1,44,000

E. MAIN INFRASTRUCTURE REQUIREMENT :

Building	Built up space of 20' x 30' ft is required.
Power	Commercial power connection is required.
Water	Water is required for general purposes.

VIII. PROFITABILITY PROECTION (ANNUAL) :

Particulars	Basis	Amount (Rs.)
Sales Revenue (Projected)	Ref : IV	11,80,000
Raw Materials	Ref : VII B	7,08,000
Man power expenses	Ref : VII D	1,44,000
Utilities	Ref : VII C	11,000
Interest	@ 12%	20,000
Depreciation	15% SLM	15,000
Overheads		1,00,000
Total Expenses		9,73,000
Profit		2,07,000



IX. FINANCIAL INDICATOR:

Break Even Point $\frac{FC}{SR - VC} \times 100$	$\frac{1,35,000}{3,17,000} \times 100$	42 %
Payback period $\frac{COP}{\text{Profit} + \text{Deprn.}}$	$\frac{2,17,000}{2,22,000}$	1 year

X. ADDRESSES :

SUPPLIERS OF MACHINERY / EQUIPMENTS :

Jute Cottage
295/1, Cambridge layout
Ulsoor, Bangalore-8
Ph 080-25308694

SUPPLIERS OF RAW MATERIAL

East India Commercial Co. Ltd
209, rmanshree Chamber, 37
Lady Curzon Road, Bangalore-1
Ph 080-25592556
Local dealers in Hubli.

XI. SPECIAL NOTE :

Tailoring skills are essential.